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6 April 1963

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CENTRAL INTELLIGENCE BULLETIN



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Approved For Release 2003/05/16 : CIA-RDP79T00975A006900320001-0

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***Brazil:** Political tension is increasing as a result of actions by the Goulart regime against anti-Communist Governor Lacerda of Guanabara State.

Goulart is evidently seeking to create a situation of unrest in Rio de Janeiro which would permit federal intervention to depose Lacerda. In recent months, the government has interrupted food supplies for the area, given wide publicity to scandals in the Guanabara police, and ordered federal troops to counter Lacerda's prohibition of the pro-Cuban Congress of Solidarity.

Pro-Communist First Army Commander Osvino Alves--whose headquarters is in Rio de Janeiro--has now apparently seriously proposed early intervention against Lacerda but is being strongly opposed by anti-Communist War Minister Kruel. A decision by Goulart to back Kruel at this time would probably indicate only that Goulart believes that he is not yet in position for this action.

Intervention is permitted under the Brazilian constitution under certain imprecisely defined conditions such as to assure "the independence and harmony of the branches" of a state government. In order to legalize the action, however, the executive requires cooperation from either the judiciary or the legislature.

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USSR-Brazil: (Soviet bloc economic negotiations with Brazil continue to encounter difficulties, and prospects for substantial increases in trade appear limited.)

(The difficulties stem largely from Soviet reluctance to undertake the economic commitments suggested by Brazil. Negotiations for a new long-term Soviet-Brazilian trade pact are continuing, however.)

(The question of how much of Brazil's chief exports, especially coffee and cocoa, are to be traded remains unresolved. A Brazilian Foreign Ministry official states Brazil had hoped to obtain 600,000 to 1,000,000 tons of Soviet wheat and some 3,000,000 tons of Soviet oil this year, but the USSR states it cannot supply those amounts. Brazil, in turn, cannot supply the rice and leather requested by the USSR.)

(Trade between the two countries reached about \$70 million in the last year of their first trade pact (1960-1962), and the 1963 target may be over \$100 million.)

(Difficulties have also cropped up in Poland's economic negotiations with Brazil. Talks on trade and aid, which were concluded in Rio on 3 April, apparently went badly. In particular, little progress seems to have been made toward allocating the remaining \$36 million of the \$70 million in Polish industrial development credits which Brazil accepted in 1961.)

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NATO--Nuclear Force: (Foreign Minister Schroeder told Ambassador Stevenson on 3 April that if the multi-lateral nuclear force (MLF) does not come into being, the Germans would ultimately seek equal status with Britain and France as a nuclear power.)

(This statement appears to represent a shift in Bonn's position on this issue. Schroeder said the Germans prefer the MLF solution principally for political and psychological reasons, but implied that he was worried that it might involve a control system giving the US the preponderant voice over that of a majority of the European participants.)

(The French are intimating in NATO that an inter-allied force will "inevitably" involve a change in the NATO chain of command established by the North Atlantic Council (NAC) "many years ago." US Ambassador Finletter suspects France is building up a case that it has a right to vote on--and to veto if it desires--any action which may be taken regarding the command arrangements for a NATO nuclear force.)

(Secretary General Stikker has also said he is worried by the French attitude and thinks it is desirable that the command arrangements be made virtually final before the NATO ministerial meeting in late May lest a major dispute be spotlighted at that time.)

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Canada: (The US Embassy in Ottawa believes a trend favoring the Liberals has set in, giving them a good chance of a plurality in the 8 April election. The likelihood of a Liberal majority is small.)

(The embassy considers that Liberal prospects have recently improved because of support from the Quebec provincial machine, and Liberal leader Pearson's sharp attacks on Prime Minister Diefenbaker. Enthusiasm for Diefenbaker on the other hand has been dampened by his carelessness with fact and by his florid campaign style. One pollster reports that three out of ten Canadians are so disgusted with national politics that they may not vote.)

(The Social Credit Party is still expected to increase its representation over last year.)

(Speculation is increasing that Diefenbaker will precipitate a constitutional crisis by refusing to resign if the Liberal plurality is narrow.)

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***South Korea:** (Pak Chong-hui has agreed to suspend his proposed referendum for extension of military rule, according to a member of the junta supreme council. He told a US Embassy officer that following the announcement of Pak's decision a resumption of political activity will be permitted, but did not say when the announcement would be made. He claimed that the situation would be re-examined next October and a decision made on whether to hold elections for a civilian government or hold a referendum on the prolongation of military rule. It was the regime's present intention to hold elections, making possible the seating of a new government this year as required by the constitution.)

(There have been some indications that the civilian political leaders might go along with this kind of an arrangement provided they believe they would have an opportunity to seek representation in the new government. They have emphasized that the assurance of elections was necessary for any compromise to be acceptable.)

(The proposed plan will still permit Pak and his backers to maneuver to perpetuate their power. Pak might very well be "persuaded" to run for president as he had contemplated in his original plans for retaining power.)

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***Poland:** For the first time since 1956, all major elements of the Polish population simultaneously appear to be displeased with the regime's domestic economic policy. The prevalent popular mood could lead to widespread local disturbances and may cause a shake-up within Gomulka's regime.

Angry public reactions commenced with the decision to raise prices on coal, gas, electricity, and other fuels announced by Premier Cyrankiewicz in a nationally televised speech to the parliament on 28 March. When debate on the decree opened on the following day, minority non-Communist deputies implied the decision was wrong and in a veiled way warned of difficulties which might result.

On 1 April, party boss Gomulka reportedly was called to the politically important Zeran Automobile Plant--its armed workers helped bring him to power--to help stave off a strike in protest over the increases. The US Embassy in Warsaw also has received several reports of strikes in coal-producing Silesia.

The fuel price increases will force white-collar workers for the first time to spend a significant portion of their incomes on housing expenses, even though rents themselves will remain at the same low rates. Farmers do not accept regime claims that promised increased payments for hogs and other agricultural produce will compensate for increased prices of industrial products, especially coal.

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NOTES

Poland: The Polish party--and presumably the others in Eastern Europe--seems not to be receiving adequate information and guidance from Moscow on bloc affairs. A knowledgeable and usually reliable Polish party source recently told a US Embassy official that "at the moment there is no firm direction from Moscow nor in Warsaw," that any Soviet bloc action will be taken in "jerks and withdrawals," and that this situation would continue until a new course is charted. He attributed this to Moscow's dispute with Communist China and observed that Polish leaders now regard even the wide differences in the party over domestic policies as secondary to the effects of the Sino-Soviet dispute.

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*USSR: The intended mission of the lunar probe launched from Tyuratam on 2 April still cannot be established. It appears that the probe failed to land on the lunar surface and there is no evidence to suggest that the probe is now in a lunar orbit. The lack of Soviet announcements on the terminal phase of the flight suggests that its intended mission was not accomplished. [redacted]

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[Redacted]

[Redacted]

*Argentina: Some navy rebels are complying with the negotiated terms for a cease-fire, but capitulation of the main naval base has not been officially acknowledged, despite the individual surrender of the base commander and the marine corps commander. Other rebel leaders have fled to Uruguay. The truce terms include the surrender of both civilian and military rebel leaders who are to be placed on trial. The government is reported making widespread arrests of civilians suspected of aiding the rebellion as civilian commandos.)

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